

**IOWA RACING AND GAMING COMMISSION
MINUTES
JULY 13, 2006**

The Iowa Racing and Gaming Commission (IRGC) met on Thursday, July 13, 2006 at Stoney Creek Inn, Johnston, Iowa. Commission members present were Diane Hamilton, Chair; Kate Cutler, Vice Chair; and members Gerry Bair, Greg Seyfer and Toni Urban.

Chair Hamilton called the meeting to order at 8:30 AM, and requested a motion to approve the agenda. Commissioner Cutler moved to approve the agenda as submitted. Commissioner Seyfer seconded the motion, which carried unanimously.

Chair Hamilton then moved to the approval of the minutes from the June 8, 2006 Commission meeting. As there were no corrections, Chair Hamilton requested a motion. Commissioner Cutler moved to approve the minutes from the June 8, 2006 Commission meeting as submitted. Commissioner Seyfer seconded the motion, which carried unanimously.

Chair Hamilton called on Jack Ketterer, Administrator for IRGC, regarding announcements. Mr. Ketterer introduced Commissioner Urban, who was appointed to the Commission effective May 1, 2006 to replace Mike Mahaffey. Commissioner Urban was unable to attend the June meeting due to surgery. She is the owner/operator of Letter Perfect in West Des Moines.

Mr. Ketterer provided the following information concerning upcoming Commission meetings:

- August Commission Meeting – August 31, 2006 – Stoney Creek Inn, Johnston, Iowa (Submissions due by August 17, 2006)
- September 2006 – No Commission Meeting
- October Commission Meeting – October 5, 2006 – IOC Bettendorf, Bettendorf, IA (Submissions due by September 21, 2006)
- November Commission Meeting – November 9, 2006 – Stoney Creek Inn, Johnston, Iowa (Submissions due by October 26, 2006)
- December 2006 – No Meeting

Chair Hamilton moved to the election of Chair and Vice Chair for Fiscal Year (FY) 2007. Commissioner Seyfer moved to elect Commissioner Cutler as Chair and Commissioner Bair as Vice Chair for FY 2007. Chair Hamilton seconded the motion. Hearing no further nominations, Chair Hamilton called for the vote. The motion carried unanimously. (See Order No. 06-66) Commissioner Hamilton turned the gavel over to Chair Cutler for the remainder of the meeting. Chair Cutler thanked Commissioner Hamilton for her two years of service as Chair, noting that they had been eventful.

Chair Cutler moved to the regulatory fees for FY 2007. Prior to discussing the fees, Mr. Ketterer advised that the Iowa Code requires the Commission to meet in Des Moines every July and to elect a Chair and Vice Chair. He stated that Commission members elected to adopt a rule that limited the Chair to two consecutive one-year terms quite some time ago.

Mr. Ketterer moved to the regulatory fees, noting that a copy of the proposed fees had been sent to the licensees following the June meeting, and that the Commission had not received any feedback. He noted that the first payments under the proposed fees were made on July 6, 2006. For regulation of the excursion boats, IRGC was appropriated approximately \$3 million and the Division of Criminal Investigation (DCI) Gaming Unit received approximately \$7 million. These costs were divided among the thirteen riverboats. Mr. Ketterer stated that the appropriation to IRGC to regulate the racetracks enclosures was approximately \$2.6 million, while the DCI Gaming Unit received approximately \$700,000. The costs were apportioned to each racetrack. The fee to each track will vary somewhat as the costs associated with IRGC personnel and drug testing are different for greyhounds and horses. Mr. Ketterer recommended that the Commission approve the regulatory fees retroactive to July 1, 2006.

Hearing no comments or questions concerning the regulatory fees, Chair Cutler requested a motion. Commissioner Bair moved to approve the Excursion Boat and Racetrack Enclosure Regulatory Fees for FY 2007 as submitted. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 06-67)

Chair Cutler moved to Public Comment, and called on Chris Duster. Mr. Duster asked the Commission to re-evaluate Administrative Rule 491-5.4(5)d, which allows a licensee to eject or exclude any person, licensed or unlicensed, from the premises of the facility, on the licensee's own volition without any reason or excuse given, provided the ejection or exclusion is not founded on constitutionally protected grounds. He noted that while casinos are privately owned, they are very public places. Mr. Duster referenced various areas of the Iowa Code in Chapters 89 and 99F. He pointed out that Iowa Code Section 89.2(5) defines a public assembly as any place the public is able to assemble, and specifically mentions a casino. He noted the US Supreme Court heard a case against the Resort International Hotel who excluded patrons who had not broken any laws or rules. The Court determined that any business that opens its doors to the general public does not have the right to exclude anyone unreasonably.

Chair Cutler asked Mr. Duster if he was asking the Commission to overturn the exclusion rule. Mr. Duster stated that he was asking the Commission to review the fairness of the rule. She asked Mr. Ketterer if there was a procedure that needed to be followed in challenging a rule. Mr. Ketterer stated that Mr. Duster could file a Petition for Rulemaking.

Mr. Duster stated that he was just trying to get a better understanding of the exclusion rule. He stated that he feels the rule is liberal and allows casinos to unfairly exclude the

public without any accountability. He requested that the Commission review the rule and determine if it is fair to the public. Mr. Duster pointed out that the Commission's web page indicates that one of its duties is to protect the public.

Chair Cutler called on Worth County Development Authority/Diamond Jo Worth (WCDA/DJW). Jesus Aviles, General Manager, provided the following information regarding their request to remodel the facility, as well as an update on the three months of operation. He noted that the independent market studies completed in 2005 projected revenues for that market in the low \$30 million range. Mr. Aviles stated that the facility has exceeded those expectations, but in order to ensure that continues, WCDA/DJW needs to act quickly in order to avoid erosion of revenues and patrons due to capacity constraints. The previous market studies also predicted an annual visitation rate of 600,000; in just over three months there have been 343,000 visitors, or 57.3% of the projected visitors. Revenues for three months are close to \$17 million or 53% of the yearly projected revenues. Mr. Aviles stated that DJW is on pace to more than double the projected first year revenue and visitor numbers.

Mr. Aviles stated that the win per unit for their slot machines is the highest in the state, approximately \$330 per slot machine. The facility is experiencing high usage of the slot machines during the week as well as weekends. He indicated the key to the facility's continued success is the successful marketing of the property to the secondary market extending 25-75 miles north of Northwood, but excludes the suburb of St. Paul, Minnesota. It is estimated this market will grow by approximately 15% over the next year. One of the challenges facing the facility is that many patrons travel anywhere from 50-100 miles to visit, not due to a lack of options in their own state, only to arrive at a packed entertainment center. In a survey of visitors to the facility, most indicated an increase in the number of machines would make their visit to the property more enjoyable, and insure their return to the property.

Mr. Aviles stated that WCDA/DJW is proposing to remodel the facility to provide guests with additional facilities to compliment the current facility. He noted the hotel broke ground in early June, and should be open by mid to late November. The hotel, a Country Inn and Suites, will have four floors.

The expanded facility will allow DJW to reopen their poker room, which was very successful in its two months of operation. Plans call for the construction of a 190-seat buffet, which will be available to hotel guests and casino patrons. The buffet will increase the number of dining choices to four for visitors to the facility. As access to the buffet is through the hotel entrance, it will also provide another dining option for area residents.

Mr. Aviles stated that plans call for the expansion of "Center Stage", which is used to provide live music Thursday through Saturday nights in order to attract big name headliners to the stage.

Mr. Aviles requested approval of an additional 800 slot machines and eleven table games, which are very popular with the out-of-state visitors who do not have table games at their local casinos. The square footage of the facility would increase to approximately 30,000 square feet at a cost of around \$20 million. He noted that the Commission members had architectural renderings of the proposal before them. Mr. Aviles pointed out that DJW has already added extensively to their parking facilities.

Mr. Aviles stated that the driving force behind the request to remodel the facility is to retain the current level of patronage from the north, capture the potential growth in the secondary northern market, promote Worth County as a viable location for future economic development by reinvesting in the community and encouraging others to do so, an ability to increase revenues to WCDA, county, and provide additional jobs in the area.

Chair Cutler called for any questions concerning the remodel request. Commissioner Bair asked how many months the facility had been open. Mr. Aviles indicated three months, ten days. Commissioner Bair asked about the natural ebb and flow of business; and where DJW projected the facility would be in six months if the Commission elected not to take action today. Mr. Aviles stated that at the current rate, revenues are projected to reach \$90 million. He noted that many patrons will visit a facility to try it out; however, they will not continue to visit if they continually have to wait to play. Mr. Aviles stated that a facility will look at expanding when slot machines are receiving 60-70% utilization during the peak times; DJW is experiencing 75-76% utilization during their "down" times and 93-95% during peak times. He stated that DJW offers a variety of machines and table games that are not available in Minnesota. Another indication that a facility is reaching capacity on slot machine usage is the win per unit. The average win per unit in Iowa is approximately \$200; DJW has had a consistent win per unit of \$330. Mr. Aviles stated that DJW has experienced 3-4 people waiting for one slot machine. He indicated people expect a wait during the opening weeks of a facility; however, if the wait continues, they will quit patronizing a facility.

Commissioner Bair asked if there were any rumors of Minnesota changing their gambling laws. Mr. Aviles answered in the negative; however, the properties in northern Minnesota have started to market aggressively in the Mason City/Clear Lake region in an attempt to regain some of the lost market share.

Mr. Aviles presented the following contracts for Commission approval:

- Henkel Construction Company – Construction Contract
- Jefferies & Company, Inc – Financing for Expansion (Increase) (RP)
- Johnson Golf Group – 2006 Golf Course Improvement Project, Pheasant Links Golf Course
- Truman and Lorraine Julseth – Real Estate Ground Lease
- Larson Contracting, Inc. – Remodeling of Club House at Pheasant Links Golf Course

Chair Cutler noted that DJW is doing a wonderful job in tapping the out-of-state market. Hearing no further comments or questions for Mr. Aviles, she called for a motion concerning the remodel request and contracts.

Commissioner Bair moved to approve the expansion request and the contracts as submitted by DJW. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 06-68)

Commissioner Bair asked about the projected completion date for the expansion. Mr. Aviles stated that with the Commission's approval, they will start very quickly with the hope of being ready by the end of the fourth quarter or early in the first quarter of 2007 depending on the weather.

Chair Cutler moved to the contract approval portion of the agenda, and called on HGI Lakeside (Lakeside). Damon Butler, General Manager, presented the following contracts for Commission approval:

- McKinley Inc. – Purchase Resale Items for Gift Shop
- ProPetroleum Inc./CT Corp. Systems Fuel Purchase for Resale at C-Store

Hearing no comments or questions, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by Lakeside. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 06-69)

Chair Cutler called on Catfish Bend Casino II (CBC II). Gary Hoyer, Legal Counsel, presented the final Lease Agreement by and between Huckleberry Entertainment, LLC and Catfish Bend Casinos II, LLC, noting that a draft was submitted during the request for approval of sale at the June meeting.

Hearing no comments or questions for Mr. Hoyer regarding the lease, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the lease agreement as submitted by CBC II. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 06-70).

Chair Cutler called on IOC Marquette (IOCM). Barron Fuller, General Manager, presented a contract with International Game Technology for the ABS System, Options, and Upgrades.

Hearing no comments or questions, Chair Cutler called for a motion. Commissioner Bair moved to approve the contract as submitted by IOCM. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 06-71)

Chair Cutler called on IOC Bettendorf (IOCB). Mo Hyder, General Manager, presented the following contracts for IOCB and Rhythm City Casino respectively:

- Davenport One – Employee Incentive Program
 - Business Telephone Supply – Supply and Install Cable
 - A Beautiful Clothing Company – Employee Uniforms
 - International Game Technology (IGT) – Gaming Equipment Conversion (Increase); and
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- Davenport One – Employee Incentive Program
 - Business Telephone Supply – Supply and Install Cable
 - International Game Technology (IGT) – Gaming Equipment Conversion (Increase)

Hearing no comments or questions concerning the contracts, Chair Cutler requested a motion. Commissioner Bair moved to approve the contracts as submitted by IOCB and Rhythm City Casino respectively. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 06-72)

Chair Cutler called on Ameristar Casino (Ameristar). Teresa Meyer, General Manager, presented the following contracts for Commission approval:

- Microvantage – Computer Equipment (Increase)
- Holiday Inn Hotel & Suites – Hotel Rooms (Increase)
- Hawkins Construction, Inc. – Miscellaneous Construction Projects

Mr. Ketterer asked Ms. Meyer how many rooms were involved in the Holiday Inn request. Ms. Meyer stated that Ameristar is currently comping approximately 30 rooms on weekends.

Hearing no further comments or questions, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by Ameristar. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 06-73)

Chair Cutler called on Riverside Casino and Golf Resort (RCGR). Joe Massa, General Manager, presented the following contracts for Commission approval:

- Ritters, Inc. – Irrigation System/Sod/Seeding
- Iowa City Landscaping – Landscaping
- Myers Construction, Inc. – Hotel Guest Rooms
- Five Seasons Drywall – Spa Enclosure
- Brockway Mechanical – Spa Plumbing
- DeVries Electrical, Inc. – Spa Electrical
- Dodd Drywall – Spa Interior Finishing
- Woodcraft Architectural Millwork – Spa/Pool Casework
- D&R Masonry – Porte Cochere & Event Center

- Mid States Steel Corp. – Casino Porte Cochere
- Hargers Acoustics, Inc. – Casino Ceilings
- Brinton's – Carpet Installation
- Edward Don & Company – Kitchen Smallwares
- Rankin Communication Systems – Sound System
- The United States Playing Card Company – Playing Cards
- Midwest Casino Supply – Casino Chairs
- Midwest Game Supply – Blackjack, Craps, Poker & Roulette Tables & Accessories
- Martin Bros. – Event Center Equipment
- LG Electronics – Hotel & Casino TVs
- GrayBar – Fiber Optic Wire
- Impex Development – Hotel Room Headboards & Tables
- Sign Productions – Lighted Signs
- CSS Marketing de no-vo – Hotel Room Linens
- Denver Mattress Company – Hotel Room Beds
- Kirk Gross Company – Office Furniture

Chair Cutler requested a construction update. Mr. Massa advised that ground was broken on July 10, 2005, and RCGR is planning to open on August 31, 2006. He stated that slot machines are on the floor, the slot accounting system was to arrive today, office furniture is slated to arrive on July 15, and the fire marshal will be on site on Monday, July 17th for an occupancy permit. They anticipate being able to move into the facility on July 27th. Mr. Massa stated that RCGR is well on the way to hiring the projected 850 employees, with approximately 625 already hired. He indicated the majority will start on August 1 for training purposes.

Commissioner Bair asked if RCGR outsourced the hiring of its employees. Mr. Massa answered in the negative. Commissioner Seyfer asked how the employment fairs were going. Mr. Massa stated that RCGR held several informational sessions earlier for dealers, with the dealer school being in operation for about two months. He indicated the first full blown job fair for front line employees was held the previous weekend, Friday – Sunday. Mr. Massa stated that approximately 800 individuals attended. He estimates that throughout the hiring process RCGR has received around 4,000 applications via mail, internet, information sessions, etc. With just over 200 positions to fill, Mr. Massa is confident RCGR will be able to find suitable employees.

Commissioner Bair asked if the hotel would open at the same time as the casino. Mr. Massa answered in the affirmative; however, there is some question as to the pool and spa area.

Commissioner Hamilton asked if the grand opening would be taking place on September 10th. Mr. Massa indicated that the grand opening would be taking place on August 31st. Chair Cutler asked what is being planned for the grand opening. Mr. Massa stated there

would be a private opening for the approximately 700 Iowa investors on Thursday around 3:00 PM, and the facility would then open to the general public around 5:00 PM. He indicated there are numerous events planned at the facility for the week preceding the opening of the facility, but assured the Commission no gaming would be allowed.

Commissioner Bair asked about further development around the location of the casino. Mr. Massa indicated there has been interest expressed in the general area. He noted that the highway expansion, which includes a turning lane, was to be completed this week.

Chair Cutler asked Mr. Massa if he knew the percentage of new employees that are moving into the area rather than just changing jobs. Mr. Massa answered in the negative, noting that the majority are residents of the area. He estimated that over 50% are from the Washington County area. Mr. Massa stated that the hiring process has been a challenge due to the low unemployment rate in the area. He indicated the starting wage level and benefit package being offered to employees by RCGR is aggressive; they are doing what is necessary in order to provide good careers for individuals.

Commissioner Bair asked about total employment. Mr. Massa indicated approximately 850 full and part-time employees with some seasonal employees with the golf course. Commissioner Bair asked about the projected opening of the golf course. Mr. Massa stated that it is projected for spring of next year, with approximately twelve holes already completed. He indicated that seeding of the course would commence in early August. Commissioner Bair asked if the course could be a potential site for major golfing tournaments. Mr. Massa indicated that it would qualify in terms of the quality of the course. Commissioner Bair asked if Reece Jones would stay involved with the course once it was completed. Mr. Massa answered in the negative.

Commissioner Hamilton asked Mr. Massa what is being done in terms of marketing in preparation for the opening and thereafter, and asked if RCGR would be renting busses to bring patrons from the Iowa City area.. Mr. Massa answered in the negative as they are not that far from the area. He indicated that a significant amount of funds would be spent with the media over the next month, and noted that they are receiving numerous calls now.

Commissioner Bair asked about reactions from the residents of the Kalona area. Mr. Massa stated that he has visited the area numerous times, and has spoken to service organizations with very good reception. He stated that RCGR understands the trepidation of the residents. Mr. Massa advised that he has had discussions with the Kalona Chamber, who has expressed an interest in RCGR providing a marketing opportunity for the local artisans in the gift shop. There have also been discussions about developing a dual marketing plan where each would promote the other attraction. Mr. Massa stated that some of the management people have located in the Kalona area. He indicated RCGR's intent is to be a good neighbor.

Hearing no further comments or questions for Mr. Massa, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by RCGR. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 06-74)

Chair Cutler called on Harrah's. Tom Thanas, Senior Attorney for Harrah's, presented the following contracts for Commission approval:

- 5 Star Interior Services, Inc. – Bedding for Hotel Rooms
- Bijoux Turner, LLC – Inventory for New Bijoux Turner Retail Shop
- Lambourne Environmental Diving Services, Inc. – Diving/Dredging Services
- Manpower, Inc. – Temporary Labor
- Monterey International, Inc. – Talent Agency for Artists Performing at Stir Concert Cove

Mr. Thanas stated that he was representing Gaye Gullo, General Manager, who was hosting corporate meetings in Council Bluffs. He is an in-house attorney for Harrah's and covers Illinois and Iowa.

Hearing no comments or questions, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by Harrah's. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 06-75)

Chair Cutler called on Bluffs Run Greyhound Park/Horseshoe Casino (BRGP/HC). Mr. Thanas presented the following contracts for Commission approval:

- Country Inn & Suites – Complimentary Offers for VIP Guests (Increase)
- Dell Marketing, LP – Computers and Equipment for New Offices (Increase)
- Midwest Sign Crafters – Maintenance of Interior/Exterior Signage

Hearing no comments or questions, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by BRGP/HC. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 06-76)

Commissioner Bair asked about Binion's and the marketing of the brand. Mr. Thanas indicated that everything was going well, noting that representatives from facilities in other areas where Harrah's operates are coming to Council Bluffs to see how the operation is going. He stated that the Horseshoe brand has been so effective there have been discussions about expanding the brand with the Council Bluff's property becoming the prototype should that occur.

Chair Cutler called on Dubuque Greyhound Park & Casino. Bruce Wentworth, General Manager, presented a contract with Aristocrat for new slot machines and related software.

Hearing no comments or questions, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the contract as submitted by DGP&C. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 06-77)

Chair Cutler called on Maggi Moss for her comments. As Ms. Moss was not present at this time, Ms. Cutler indicated that the Commission would return to that agenda item later.

Chair Cutler called on Prairie Meadows Racetrack & Casino (PMR&C). Derron Heldt, Director of Racing, gave a report on the results of the Thoroughbred only meet which ran from April 21 through July 4, 2006. Prior to the start of this meeting, PMR&C completed a new paddock, walking ring and jockeys' quarters. PMR&C received rave reviews from patrons over the opening weekend regarding these changes. He noted that staff and horsemen were complimentary of the design. Mutual handle during the first meet was mixed with on-track handle decreasing approximately 3.5% and off-track increasing about 5.3%. Mr. Heldt indicated these results are representative of the racing industry at the current time. He noted the weather was great opening weekend but following weekends were chilly, which prevented some individuals from going to the track. The field size averaged 7.5 horses per race. Last year PMR&C raced four days per week with nine races per day. This year, they have raced four days per week with ten races per day, or 33 more races during the first meet than last year. There were 249 horses that competed in those races. Mr. Heldt stated that the additional races kept the field size comparative to last year. He stated that the Horsemen's Benevolent and Protection Association (HBPA) conducted a survey during May and June and compared six different tracks – Belmont, Arlington, Delaware, Calvert, Canterbury and Fairmont Park; the HBPA found that the field size at PMR&C was very competitive, and was actually in the upper echelon when compared with those six tracks. While Mr. Heldt conceded that 7.5 entries per race was not a great number, PMR&C is pleased with their field sizes for the meet. He pointed out that the thoroughbred only meet closed on a high note with the Festival of Racing, which has eight major stakes races. Mr. Heldt advised that horses from New York, Kentucky, south Florida, and California flew into the Des Moines International airport for the races. The cornerstone of the Festival is the Cornhusker Stakes Race, a Grade 2 race, which had thirteen entries. Mr. Heldt stated PMR&C received national recognition on the cable horse channels across the country, and radio interviews with media in Las Vegas to help promote the races. He noted that many industry leaders felt the Cornhusker was one of the better races held over the Fourth of July weekend.

Mr. Heldt indicated that he would commence his report on the transition between the first and second meets, provided there were no questions concerning the first report.

Mr. Ketterer stated that this year was the first time PMR&C held ten races per day during the spring meet, which was agreed to between PMR&C and the horsemen. He noted that the horse inventory this year was 50-100 horses below last year. Mr. Ketterer asked Mr. Heldt for his opinion on the decreased number of horses in lieu of the higher purses. Mr.

Heldt stated that PMR&C has 1,350 stalls, which were all allocated. However, two 40-horse operations cancelled. Mr. Heldt stated that PMR&C expects trainers to bring enough horses to fill the stalls allocated to them.

Commissioner Bair asked if the trainers provided an explanation for canceling their stall request. Mr. Heldt stated that PMR&C is competing with other tracks for horses. One of the trainers has seven different operations at various tracks, and was unable to find the necessary help to bring horses to Iowa. Commissioner Bair asked if there were any consequences to the trainer for failing to fulfill his stall request. Mr. Heldt answered in the negative.

Mr. Ketterer stated that during the first four days of the meet the field size was 8.3; however, from that point until June 10th, the field size dropped to 7.1. During the last 14 days of the meet, the field size increased to 8.0. Mr. Ketterer stated that in searching for an answer to the changing field size, he looked at the two-year old races. Noting that this is the first year horses are able to run, and based on when they were foaled, the two-year olds will not run until the end of the season. This creates somewhat of a liability for the racing department as trainers request stalls for these horses, but the track will not see many starts from them. Mr. Ketterer stated that during the first 30 days, PMR&C had eight races with 52 starters, with the field size being 6.5 for two-year olds. In the last 15 days, there were 18 races with 145 starters with a field size of 8.1. Mr. Ketterer stated that in his opinion the two-year old entries were the reason behind the fluctuating field size, and that is something that will not change. Mr. Heldt concurred with Mr. Ketterer's assessment of the situation. Mr. Ketterer stated that eight or nine race cards would be more realistic than ten races. Mr. Heldt indicated that he and the racing staff would concur; that they are able to fill the first seven or eight races, but then struggled to find sufficient entries for the last two. Mr. Ketterer stated that if the two races with the lowest field size were eliminated each day, the field size in the remaining races would increase approximately one-quarter point.

As there were no further comments or questions concerning the thoroughbred only meet, Mr. Heldt proceeded to the report on the transition between the thoroughbred and mixed meet. He advised that the second meet would be starting that evening with ten races per card – five thoroughbred and five quarter horse. Because of the mixed meet, PMR&C needs to divide the stall space equally between the two breeds – 675 for each. He noted that during May and most of June, there were 1,050 thoroughbreds on the backside, meaning the thoroughbred population needed to be reduced by approximately 400 horses. Mr. Heldt stated there were some transition problems, which PMR&C is addressing. He attributed some of the problems to communication issues. He indicated that PMR&C was striving to help the horsemen; noting that from the time stalls are allotted the first of June to the end of the meet July 4th, there are many situations that can occur. Mr. Heldt stated that it might have been better to provide a hard answer earlier rather than later, but pointed out that PMR&C still needed to fill the race cards for the remainder of the first meet.

Mr. Ketterer noted that PMR&C has always had the issue of removing thoroughbreds from the backside when they are getting ready to start the mixed meet. He stated that the only negative he heard from many of the trainers and horsemen was that they wanted answers earlier; they did not like being in limbo with regard to stalls. Mr. Ketterer stated that he understood PMR&C was trying to accommodate the horsemen by waiting. Mr. Heldt stated there were around six to eight trainers with approximately 48 horses that needed to be moved from the first meet. Mr. Ketterer noted that PMR&C used to attempt to change from the thoroughbred to mixed meet in one to two days, which put more pressure on the racing staff to fill the race cards. Now, with a week between the meets, there is more time for interest to build. Mr. Ketterer noted that during the first two programs for the mixed meet, the field size is averaging 9.5 horses per race. Mr. Heldt pointed out that the coming weekend will be the opening weekend for the mixed meet, and expressed his hope that PMR&C will be able to maintain the field size throughout the meet.

Chair Cutler moved to the next item under PMR&C, a request for approval of the 2006 Agreement with the Iowa Harness Association. Mr. Heldt advised that PMR&C is still in negotiations with the Harness Association, with an Ancillary Agreement having been forwarded to them. PMR&C did receive a letter advising of two points needing further discussion. Mr. Heldt stated that a meeting has been set for July 25th to work on the final details of the agreement.

Chair Cutler asked if the above situation would affect the next agenda item, a proposed change in the start date for the harness meet. Mr. Heldt stated that the above agenda item is on going; and that with regard to the start date for the harness meet, PMR&C has decided to stay with the dates recommended by the Commission last November. The harness meet will commence on September 22nd and will conclude on October 14, 2006.

Commissioner Bair asked if the negotiations with the Iowa Harness Association would impact the start date of the harness meet. Mr. Heldt answered in the negative. Commissioner Bair clarified that the additional discussions for the agreement between PMR&C and the Iowa Harness Association were for points within the area of the harness meet. Mr. Heldt answered in the affirmative.

Hearing no further comments or questions for Mr. Heldt on the above issues, Chair Cutler moved to the contracts submitted by PRM&C. Mr. Heldt presented the following PMR&C contracts for Commission approval:

- All Makes Office Interiors – Purchase of Office Equipment and Supplies (Increase)
- Bally Gaming, Inc. – Lease of 1 Bally Cash Wheel Game (Replacement)
- Becker Equipment (Hockenberg's) – Food Service Equipment, Parts & Service (Increase)
- Corporate Express – Furniture and Accessories (Increase)
- Design Centre Collections – Furniture and Accessories

- IGT – Lease of 6 Jackpot Hunter Series Video Slot Games (Replacements)
- Storey-Kenworthy – Furniture, Office Supplies and Accessories (Increase)
- WMS Gaming, Inc. – Lease of 8 Bluebird Upright Video Slot Machines

Hearing no comments or questions concerning the contracts, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by PMR&C. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 06-78)

Chair Cutler called for any further comments or questions for PMR&C. Commissioner Hamilton asked if it would be appropriate to request an update on the construction project at PMR&C, as well as the search for a new general manager.

Jack Bishop, interim General Manager, advised that the construction project is on schedule. He stated that the grand opening for the casino expansion on the second level of the facility will take place on August 8th; the auditorium, buffet and fine food restaurant are under construction on the first level and should be open by the first of February. The auditorium will be 14,000 square feet, which will seat 800 individuals for a sit-down dinner, or 1,200 individuals in classroom-style seating.

Mr. Bishop stated that all of the table games are being moved into the new expansion, along with 119 slot machines. More slot machines may be added later in the year.

Commissioner Hamilton asked about the search for a new general manager. Mr. Bishop indicated that he is the interim General Manager/CEO. He noted that the search committee has contacted several individuals, with 39 of them expressing an interest in the position. The committee will interview nine individuals; and the PMR&C Board of Directors will interview three to five finalists on August 5th. Mr. Bishop stated that he is hopeful the Board will be able to make a decision, make an offer, and proceed with negotiating a contract with the selected individual.

Commissioner Cutler asked about the August 5th date. Mr. Bishop indicated this is the date PMR&C is shooting for; however, the date will be dependent upon everyone's availability.

Commissioner Bair asked if the three to five finalists would interview with the full Board. Mr. Bishop advised there are five board members on the search committee who will interview approximately nine individuals, and make a recommendation to the full board. Mr. Bishop stated that PMR&C will move the process along as quickly as possible.

Chair Cutler moved to the next agenda item, Approval of the Dog Racing Promotion Fund as authorized by Iowa Code Section 99D.12(2)C. Mr. Ketterer advised the Commission that the Iowa Greyhound Association (IGA) was the only applicant for the funds. He noted that Linda Vanderloo, Director of Racing, had prepared a

recommendation for the Commission's review. Mr. Ketterer stated that contingent upon the eight recommendations, staff would recommend approval of the IGA as the recipient of the Dog Racing Promotion Fund.

Hearing no further comments or questions concerning IGA's application for the funds, Chair Cutler requested a motion. Commissioner Seyfer moved to approve IGA as the recipient of the Dog Racing Promotion Fund contingent upon the following staff recommendations:

1. The recipient shall provide an evaluation of the agreement(s) with, and performance by, the investment manager annually and consider soliciting and evaluating new proposals if they are under performing. This evaluation should be provided in an annual audit of the Escrow Account(s) by an independent audit company. The audit should cover activity from January 1, 2006 through December 31, 2006, and be submitted to the Iowa Racing and Gaming Commission by April 2, 2007.
2. The cost of the annual audit of the Escrow Account(s) shall be paid from the Escrow Account Fund(s).
3. Investment agreements should be for one-year terms subject to renewal conditions approved by the Commission. Provide a report on the status of the investment agreements.
4. Requests for proposals and all other correspondence should include a copy to IRGC and IWRA.
5. The recipient shall disclose any potential related parties to the Commission.
6. Investment funds shall not be withdrawn from the account(s) until the Commission has approved contracts or expenses. If events occur which no longer require expenditure of funds, the funds will be immediately returned to the Escrow Account(s) and not deposited in any other account(s).
7. The recipient shall have and maintain written minutes of all meetings and include copies to the IRGC and IWRA.
8. In the event of arbitration, the recipient shall ensure availability to the arbitration committee so that decisions are provided to the Commission by November 1, 2006.

Commissioner Bair seconded the motion, which carried unanimously. (See Order No. 06-79)

Following a short break, Chair Cutler called on the Iowa Gaming Association (Association). Wes Ehrecke, Executive Director, provided an update on the State-wide Self-Exclusion Program, which was mandated by the 2004 Legislative session. The ban is a life-time ban, and requires that anyone in the program caught entering a casino would be charged with trespassing and any winnings would be forfeited. The Association implemented the program in November 2004. The Association established a confidential internet database system so that Association members have the ability to upload/download information, which is archived, between them. The information is also

shared with the gambling treatment providers, who also have the ability to provide the necessary information to add individuals to the program. Mr. Ehrecke stated that 1,220 individuals have enrolled in the program since its inception on November 1, 2004. He provided the Commission members with a copy of the form, which was recently updated by adding a line for the witness to print their name, added the names of the new casinos to the list of properties to which the exclusion applies, and added a bullet to reflect that the Association is an agent of the Iowa casinos. There is also a statement advising that two of the properties have taken the stance of excluding an individual completing the self-exclusion form from all of their properties across the country.

Commissioner Bair asked if the Association has ever encountered a situation where a spouse or other individual has attempted to submit the form on behalf of someone. Mr. Ehrecke stated that the form is required to be submitted in person.

Commissioner Hamilton stated that she had spoken with an individual who banned themselves from PMR&C, and has been for quite some time; however, they were able to gain entrance to the casino in Osceola. She asked how security personnel at the various facilities check to determine whether or not an individual is banned. Mr. Ehrecke stated that the program is intended to act as a deterrent; that individuals need to have accountability and take responsibility for their own actions. This is a tool to help individuals help themselves. There is also a reliance on friends and family to provide support to these individuals. Security officers at the facilities can not be expected to recognize everyone; there are those individuals who will attempt to change their identity or appearance. Mr. Ehrecke stated that individuals who have been banned have been caught either attempting to enter a facility or claim winnings and have been charged with trespassing. Any forfeited winnings are given to the Iowa Gambling Treatment Program.

Mr. Ketterer concurred with Mr. Ehrecke's comment that the security officers can not be expected to recognize everyone as in some cases they would not have seen the individual or a picture of them before. He asked Mr. Ehrecke if it was reasonable for the Commission to expect that the licensee would check the self-exclusion database prior to paying out any winnings. Mr. Ehrecke stated that once the system is downloaded, it is available to the cashiers' cage, Players' Club and the Marketing Department so the individual no longer receives any mailings. Additionally, the database is checked anytime an individual is required to present identification, i.e. cashing a check. Mr. Ehrecke stated that he feels the program has worked well to this point.

Hearing no further comments or questions concerning the Self-Exclusion Program, Mr. Ehrecke moved to his report on the Responsible Gaming Education Week, which will be held August 7th to the 11th. The theme this year is "Be Responsible; Get Educated". He indicated that the vast majority of individuals patronizing casinos are able to do so for the fun and entertainment as intended. Mr. Ehrecke stated that the licensees are committed to responsible gaming every week of the year. There will be a press release on a study to be released later this month, "Behavioral Risk Factor Surveillance System" conducted by the University of Northern Iowa, which interviewed over 5,000 households by telephone. Mr.

Ehrecke indicated the results of this study have been consistent over the last several years. There will also be an emphasis on the various resources available through the Association's website, www.iowagaming.org. Mr. Ehrecke stated that the National Center for Responsible Gaming has instituted on-line training for casino staff.

Hearing no questions or comments for Mr. Ehrecke on the Responsible Gaming Week, Chair Cutler moved to Administrative Business. Mr. Ketterer indicated there was none.

At this time, Chair Cutler recognized Maggi Moss for her comments. Ms. Moss stated that she was not speaking as a horse owner, but as a citizen of Des Moines and Polk County. She noted that she does own race horses throughout the country; affording her the opportunity to visit a number of tracks and racinos. Ms. Moss stated that she felt she had some comments to make concerning PMR&C that the Commission needed to hear, although they might not be pleasant for others to hear. She pointed out that PMR&C is the only horse track in Iowa, but believes it has the reputation of being the bad relative, etc.; a necessity in order to have gambling in central Iowa. Ms. Moss indicated her philosophy is that if Iowa is going to have horse racing, or any type of racing, it should be the best it can be. She stated that she is aggrieved by the conditions and attitude toward horse racing on the backside at PMR&C this year.

Ms. Moss provided the following example to support her previous comments: She noted that Iowa/PMR&C had one of biggest weekends of racing in Iowa over the 4th of July weekend; that it was a privilege to have the quality and type of horses in Iowa for those races. She was able to read about the races and horses in various types of media. After learning that some of the "movie stars" of the racing industry would be flying into Des Moines International Airport to race at PMR&C, Ms. Moss rearranged her schedule to go to the airport to watch the planes with the horses arrive; thinking it would be a good publicity event for Iowa/PMR&C. While driving to the airport, she called a friend at a local TV station to see if they were covering the arrival of the horses; Ms. Moss was surprised to learn that her friend had no idea what she was talking about. When she arrived at the airport to watch the planes arrive and the horses deplane, she looked around and discovered that she and Scott Pope were the only individuals there. She then went to the track where she started hearing comments from the individuals from New York, Colorado, Kentucky, etc., who were saying "Only in Iowa could this be happening," due to the lack of organization. Ms. Moss stated that it is time for PMR&C to be treated as, and start acting like a premier track, or it is not worth doing.

Another point: She read articles in the national media about the horses coming to Iowa; however, the event did not even make the "Top 6 or 10 Things to Do in Des Moines" in the Datebook published by The Des Moines Register the Thursday prior to the weekend of racing.

Ms. Moss concluded her comments by stating that the only person she has seen trying to promote horse racing is Dan Johnson, a The Des Moines Register reporter, who wrote a story about Suzanne Evans and the horse tours she gives on the back side at PMR&C.

Prior to his article, maybe 30-40 people would attend; over 200 people attended the week after the article was published. Chair Cutler thanked Ms. Moss for her comments. Representatives for PMR&C had already left the meeting.

Chair Cutler moved to the Petition for Declaratory Order filed by Isle of Capri Casinos, Inc. (IOC) for the purpose of determining whether or not non-redeemable promotional downloaded credits are to be treated as revenue for gaming tax purposes and whether or not winnings to a player using the credits are deductible for gaming tax purposes. Nancy Donovan, Regional Vice President for IOC, stated that IOC was before the Commission to discuss the approval of technology for the slot system that would combine with equitable tax treatment for the operators to provide an opportunity for a win-win formula for revenues for Iowa. She stated the customer, the State of Iowa and the operator would all benefit from the approval of this request. Ms. Donovan advised that Steve Kastner, an International Game Technology (IGT) representative, was present to provide the Commission with a demonstration of IGT's system, which IOC is hoping to use. She reminded the Commission of the similar capabilities in each licensee's respective slot system. Following Mr. Kastner, Rob Norton, Vice President of Gaming Operations for IOC, will provide the Commission with an overview of how IOC has successfully utilized this technology in an equitable tax environment in Mississippi. Ms. Donovan stated the members of the Iowa Gaming Association have expressed unanimous support of IOC's Petition for Declaratory Order.

Ms. Donovan stated that the objective of IOC's Petition was not to create cannibalization of revenues within the State of Iowa or increased competition among other Iowa operators. The strategy is to be more competitive in an effort to attract out-of-state visitors and dollars into Iowa. She noted that over 50% of Isle's revenue at the three Iowa properties comes from outside Iowa. Ms. Donovan stated that a favorable ruling would allow IOC to capture even more of the out-of-state players from Chicago, Illinois and Madison, Wisconsin. She pointed out IOC's proven track record of re-investing in Iowa. Ms. Donovan stated that the cost to IOC of installing IGT's system at all of its Iowa properties would be \$10 million; but their reinvestment calculation works much better if the Commission grants IOC's Petition. IOC believes the \$10 million investment could strengthen their position of continuing to reinvest in Iowa.

At this time, Ms. Donovan turned the presentation over to Mr. Kastner, who advised the Commission that IGT is just one vendor for this type of product. IGT calls their system "Extra Credit". He indicated that their system is installed all over the world, and has been in use for approximately ten years.

Mr. Kastner directed the Commission's attention to the brief power point presentation concerning IGT's "Extra Credit" system. Benefits of the extra credit system are: activity is tracked by the slot accounting system; convenient for players; creates efficiencies that can result in increased revenues; and extra credit rewards can not be cashed out. Since extra credit must be played through a slot machine, the activity is tracked and verified by the system, which also reports where and when the extra credit rewards were used by the

player. Players have the ability to redeem extra credit rewards at any slot machine, giving them the ability to move about the casino floor. No cash is involved with the extra credit incentive, resulting in increased profits for the operator and increased revenues for the jurisdiction. Lastly, since extra credits can not be cashed out, it lowers the promotional fulfillment of casino promotions.

As there were no questions for Mr. Kastner following the presentation, Mr. Norton took the floor to provide the Commission with information on IOC's experience with this system in Mississippi. He advised that the Mississippi Gaming Commission approved IOC's Petition with regard to downloadable promotional credits for the following reasons:

- Good business sense: For every dollar provided to the customer and the customer subsequently wins back that dollar, the casino has gained nothing. If the State taxes that dollar, the casino is being penalized for aggressive marketing; and
- The dollar is an after-tax net receipt. By taxing the dollar a second time, it is double-taxation.

Mr. Norton then covered how the Mississippi ruling has affected IOC's operations in that state other than the tax benefit. Since the Mississippi ruling, IOC has installed IGT's extra credit system in all four of their locations and market it as "Isle Play". IOC's slot revenues in Mississippi have increased 51% when compared year over year. Mr. Norton advised that customer counts have also increased 100% for the same time frame; the property with the lowest customer counts saw a 64% increase.

Mr. Norton stated that based on the favorable tax environment in Mississippi, IOC has been able to utilize those funds to reinvest back in the market. IOC has increased their direct mail incentives to their customers by 63%, and has increased their mailings by 95%. He stated that the value of each piece mailed to a loyal customer was 60% greater than what was sent. Mr. Norton advised that the average coin-in per trip increased by 32%, and the customer stayed 17% longer during each trip. IOC increased their outer market, new member programs by 38% year over year. Mr. Norton stated that he believes IOC's results in Mississippi are indicative of what IOC could achieve in Iowa.

Hearing no questions for Mr. Norton, Mr. Ehrecke took the floor to reiterate the Association's support of IOC's Petition, noting that the Commission had received copies of letters from each facility expressing their support. He indicated a favorable ruling would allow Iowa casinos to compete with other jurisdictions that have approved this technology.

In closing, Ms. Donovan advised that last year IOC's three Iowa properties redeemed over \$11.3 million in coin coupons. During the same period, IOC cashed over \$206 million in slot revenue. She advised that for every dollar redeemed through the coin coupon, \$18 in slot revenue was generated. The State of Iowa received tax revenue of approximately \$2.5 million on those coin coupons. As in Mississippi, should Iowa

approve IOC's Petition, their strategy in Iowa would be to reinvest those tax dollars back into the marketing program if given a similar tax treatment. Based on their experience in Mississippi, IOC would have the ability to reinvest \$13.8 million in non-redeemable downloadable credits (\$11.3 million in coin coupons + \$2.5 million in tax savings). Using the same ratio of generated slot revenue as experienced in Mississippi, and an expanded market, IOC believes slot revenue would increase to \$252 million; after taking the necessary deductions, there would be an incremental increase of \$32 million in slot revenue, or a 15% increase. The State would receive \$7 million in incremental tax revenues, or an increase of 15% over current receipts. Ms. Donovan stated IOC believes these figures would be a minimum as there are many factors that come into play. She reiterated that any calculations regarding Iowa figures do not include their facility in Waterloo or any other potential revenues from other Iowa facilities.

Mr. Ketterer asked Ms. Donovan if there were any other contributing factors to the increases seen in Mississippi. He asked Ameristar representatives if they were utilizing this system or a similar one at their property in Vicksburg. Troy Stremming, Vice President of Legal & Government Affairs, answered in the negative. Mr. Ketterer asked if the Vicksburg property experienced similar increases during this same time frame. Mr. Stremming advised the Ameristar has seen significant revenue increases at that property, but stated that he felt Mr. Ketterer was comparing apples to oranges in light of the hurricanes that hit the Gulf Coast area. Mr. Ketterer stated that was the point he was trying to make. Mr. Stremming stated that it would be difficult at this time to pinpoint the impact that the system could or would have had on the property. He noted that IOC would have the hard numbers to back up their information, but Ameristar would not be able to delineate what would have happened compared to what they did experience in increases taking other factors into account. Mr. Ketterer stated he was trying to show that IOC was stating they experienced increases based on the implementation of the "Isle Play" system; however, Ameristar also experienced an increase. He is wondering if there is a way to determine how much of the increase is attributable to the extra credit system versus other external forces.

Mr. Norton advised Mr. Ketterer that IOC was impacted by the hurricanes that hit the Gulf Coast area. He stated the best way to clarify the situation was to exclude the Biloxi property from the numbers and use the three remaining properties, one of which (Lula) was not impacted by the hurricanes. Mr. Norton stated that Lula was the property that experienced the 64% increase in customer counts. Non-Biloxi revenue increase was over 20% for the remaining properties. Mr. Norton conceded that the Biloxi property did have a dramatic impact on the numbers, but feels the results from employing the technology are remarkable.

Commissioner Bair asked how many states have allowed this technology. Mr. Kastner stated that IGT has their product in 15 states. Commissioner Bair asked if any other states outside of Mississippi have ruled on this technology. Mr. Kastner advised that Nevada has taken action; most of the jurisdictions allowing the technology only offer tribal gaming, which does not pay taxes. Commissioner Bair asked about other states.

Mr. Norton advised that of the states in which IOC does business Colorado allows the technology; Missouri has not taken any action, Florida is in the process of drafting rules, and Louisiana currently does not allow the technology but is also in the process of drafting rules. He stated that at this time Mississippi is the only jurisdiction in which IOC operates that allows the technology, thus offering IOC the opportunity to discuss their results.

Chair Cutler stated that the technology provides an excellent marketing technique; creating a significant increase in the number of visitors to the property and funds played. She asked if IOC would go ahead and install the technology if the Commission did not grant the request. Mr. Norton stated that whether or not the technology was installed would be based on the goal of keeping IOC as a company on one system, and not for the goal of deriving more revenue. He pointed out that IOC has 14 properties, and it is not realistic to have two different operating systems. Mr. Norton stated his belief that not granting the tax credits would impact revenue going forward as the reason for the success of the program is their ability to reinvest the money with their customers more aggressively than they can under the current system. Mr. Norton stated that IOC's increased spending in Mississippi was 12%, which equals the tax rate in Mississippi.

Ms. Donovan advised the Commission that just installing the technology does not change anything other than the fact that the process is automated rather than the patron bringing in the redeemable coupon, thus providing better customer service. The power of the system is having the additional funds to reinvest and reach out to a larger market area. Visitors visiting the property for a longer period of time tend to spend more per visit than the local patrons coming for the day. Ms. Donovan stated that the Native American casinos have the technology and have the ability to use it.

Commissioner Bair, noting the focus on attracting more patrons from out of state, asked if the additional customer visits in Mississippi were from out-of-state visitors. Mr. Norton stated that the break-out was for a 100-mile radius from their properties, and took into account that Lulu is on the border of Arkansas with 99% of their patrons coming from Arkansas. Vicksburg is on the border of Louisiana and Mississippi, with its major feeder market coming from a radius of less than 50 miles, and Biloxi is close to the Alabama and Louisiana border. Mr. Norton stated that he could not represent that the 38% increase was totally attributable to out-of-state visitors, but believes that a majority were from out of state.

Commissioner Bair, noting that the Iowa Gaming Association supported IOC's Petition, stated that they must not be concerned about cannibalization of the market. Mr. Norton indicated there was no need as all licensees in the state would have the same opportunity to utilize this technology, regardless of their slot system. He noted that not all systems work the same. Commissioner Bair asked how many other systems were available. Mr. Norton stated there are two or three other key competitors.

Chair Cutler asked if the technology was already available to the facilities with the systems installed at the properties, or if they would have to purchase the technology. Mr. Norton stated that in most cases, the property would be able to utilize the same system, and would just need to purchase a module.

Mr. Ketterer, to clarify the discussion, stated that it appears IOC is asking for this favorable tax treatment in order to reduce expenses in their marketing program and that they would reinvest those dollars, which IOC feels would account for the lost tax revenue due to increased revenues based on increased business. Mr. Norton stated that IOC plans to shift the dollars from the tax line to marketing, which they expect to generate a multiple up-growth on the revenue side, which would in turn increase the taxable revenue to the State of Iowa by approximately 15%.

Mr. Ketterer asked how the projections would be affected if Illinois would allow the same favorable tax treatment. Mr. Norton stated that Illinois has been very unstable in many different ways when discussing tax treatment. He noted that Illinois recently reduced the tax rate for the riverboats from 75% to 50%, and would be surprised if Illinois would allow this technology.

Hearing no further comments or questions for Mr. Norton, Chair Cutler asked if there were comments from the public. Hearing none, she requested a motion to go into Executive Session. Commissioner Hamilton moved to go into Executive Session for the purpose of discussing strategy with legal counsel in matters where litigation is imminent where disclosure would be likely to prejudice or disadvantage the position of the governmental body. Commissioner Seyfer seconded the motion. The motion carried unanimously on a roll call vote. (See Order No. 06-80).

Following Executive Session, Chair Cutler called for a motion regarding IOC's Petition for Declaratory Order. Commissioner Seyfer made the following motion in response to the questions posed by the Petition:

- Question 1: Are non-cashable, promotional credits "gross receipts" under section 99F.1? Yes, non-cashable, promotional credits are gross receipts. The Commission concludes that total sums wagered include more than cash, including the non-cashable promotional credits. We request the Attorney General's Office prepare the Order for the Chair's signature consistent with this motion.
- Question 2: Are the winnings paid to patrons using promotional credits deductible when calculating adjusted gross receipts under 99F.1(1)? Yes.

Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 06-81)

As there was no further business to come before the Commission, Chair Cutler called for a motion to adjourn. Commissioner Hamilton so moved. Commissioner Seyfer seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK